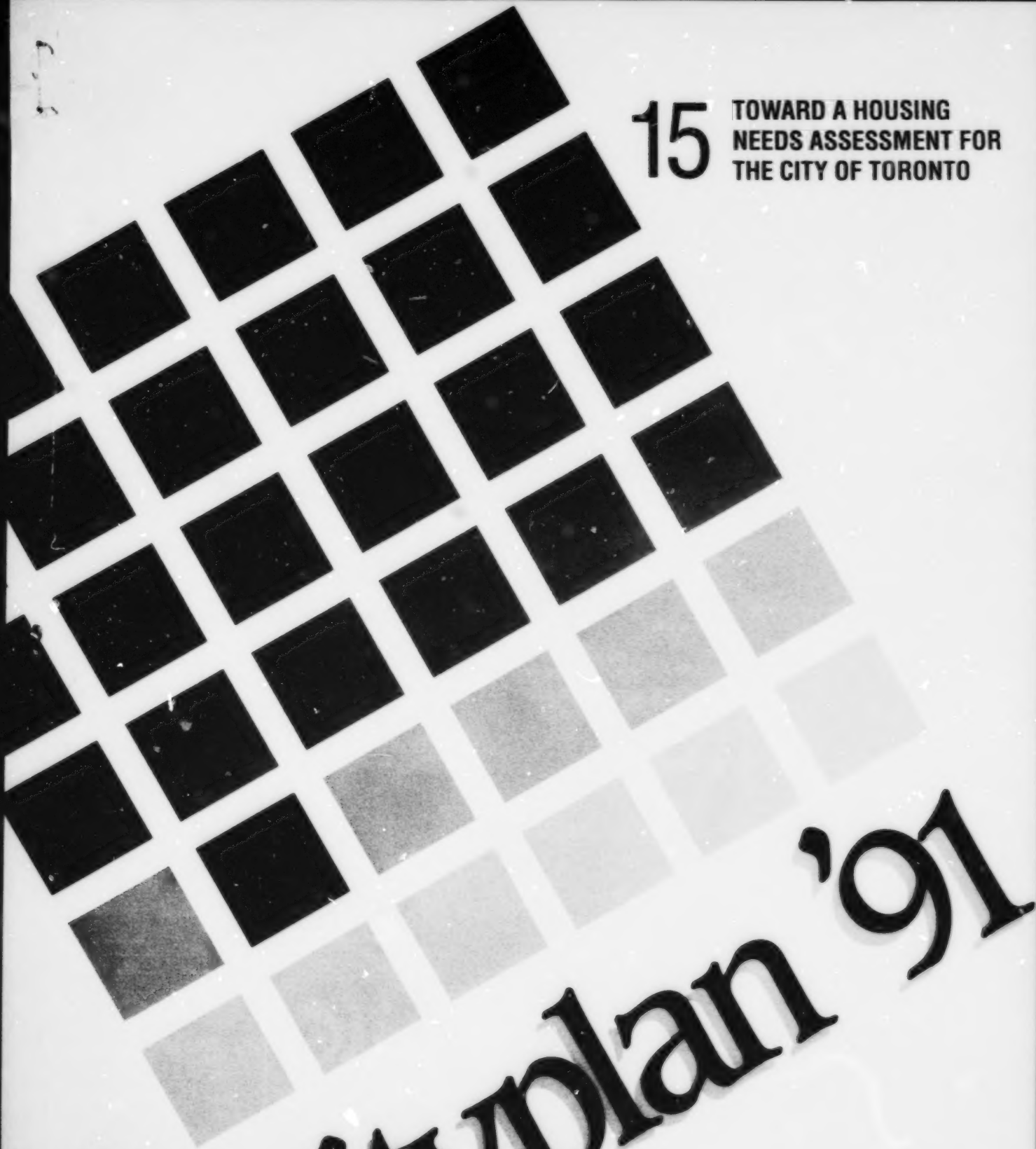
15 TOWARD A HOUSING NEEDS ASSESSMENT FOR THE CITY OF TORONTO



Cityplan '91

City of Toronto
Planning & Development
Department

Robert E. Millward
Commissioner

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TOWARD A HOUSING NEEDS ASSESMENT FOR THE CITY OF TORONTO

November 1990

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Planning & Development
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Glossary of Terms

Affordability Problem: Housing affordability is defined as being a problem when households spend more than a certain proportion of household income on securing housing. In this report the level for owners is 30 percent of gross household income and for tenants it is 25 percent. Housing costs are defined as gross (including taxes) rent or mortgage interest and principle amortised over 25 years, assuming a 25 percent downpayment.

Housing Need: Households who spend more than the levels of income outlined above in securing housing and who are also in the lowest 60 percent of the Toronto CMA income distribution. This defines the group of households with *base* housing, or shelter cost, needs. The report also uses two other terms related to the concept of need: *deep need* and *shallow need*. Deep need is used in the report to describe those tenant households who spend 25 percent or more of gross household income on housing who also have incomes in the lowest 30 percent of the Toronto CMA income distribution. According to the affordability standards set, these households will require the largest degree of income support in order to meet their shelter costs and still have sufficient income for other non-housing expenditures. Households with shallow need are moderate income households who spend 25 percent or more of income on housing, and who have incomes between the 30th and 60th percentiles of the Toronto CMA income distribution. The group of households in deep need in 1986 forms the basis of the social housing targets developed in the report. The notion of *base need* used here is different from the concept of *core need* used by the Canada Mortgage and Housing Corporation (CMHC). CMHC defines core need according to income thresholds established for individual housing markets. Once these are established, then households must face affordability problems (30 percent or more of income spent on housing), a problem of over-crowding or a problem of housing adequacy, to be considered to be in core housing need. Limitations in the 1986 Census data did not permit research to be conducted using the CMHC definition.

Social Housing: Social Housing is used in this report to refer to any form of housing which would meet the demands of households facing *deep* need. This is the basis of the housing target set. The target represents the rent-geared-to-income portion of all additions to the non-profit, or otherwise assisted, housing that could be added to the City of Toronto housing stock by 1999.

Imputed Rental Income: Income which accrues to owners in the form of savings made in not having to pay rent. This income is not subject to taxation and is in addition to the accumulation of equity owners experience.

Executive Summary

The aim of this report is to aid in the development of social housing targets to be incorporated in the 1991 Official Plan of the City of Toronto. The development of social housing targets proceeds from a preliminary assessment of housing need based on the degree to which housing affordability problems are experienced by residents of the City of Toronto. The analysis suggests that, by setting social housing targets in the manner in which they have been set traditionally, only the demands of the additional households expected to face a situation of housing need in the future are dealt with. As a result, the demands of a considerable number of households already facing need go unmet. In the City of Toronto, the analysis reveals that the size of the group of households facing housing need is significantly larger than had been previously thought, thus implying that new directions in housing policy are required. In addition, the worsening of the housing affordability problem implies the need for careful monitoring in order that policy can be sensitively adjusted over the short run. Finally, the report suggests that, irrespective of the fact that the number of households whose needs go unmet is large, (as defined simply by affordability criteria), it is likely that even this number is low due to the housing need that exists within a number of other special groups, such as the homeless, people with physical or mental disabilities etc. Only through a more complete assessment of housing need can the real dimensions of the problem be identified. The major findings of the report are:

- Δ Unmet need stood at 68,600 households in the City of Toronto in 1986. These are tenant households who spend more than 25 percent of their incomes on housing who also have incomes in the lowest 60 percent of the income distribution. CMA wide, 154,645 households were in this category. It is unlikely that these levels of need are any less in 1990 since house prices have increased substantially since 1986 and affordability for tenants has decreased.

- Δ According to the affordability criteria adopted, 60,035 tenant households in the City faced the greatest need for shelter cost support in 1986 i.e. spent 25 percent or more of income on housing and were in the lowest 30 percent of the Toronto CMA income distribution. The corresponding figure for the CMA was 137,670 households.

- Δ 45.50 percent of tenant households and 14.59 percent of owner-occupiers in the City of Toronto experienced housing affordability problems in 1986.

- Δ Of households experiencing affordability problems in 1986, 87.50 percent of tenants and 67.16 percent of owners had low incomes: household incomes in the lowest 30 percent of all households across the region.

- Δ According to existing proposals in the development pipeline, approximately 47,000 housing units could be built in the City by 1999.

- Δ Based on dimensions of the affordability problem in 1986, and assuming that the additional future households will have a similar affordability profile, the annual production of social housing required to offset this growth in the affordability problem should be set at 1228 units per year. If such a target were realised it would not begin to address the hardship faced by the 60,035 households with deepest need for shelter cost support.

- Δ The assessment of housing need based on affordability criteria seriously underestimates real levels of housing need.

- Δ The housing needs of a variety of groups, including concealed households, women, the physically handicapped, the mentally handicapped among others needs to be assessed.

- Δ A priority system for the delivery of social housing requires development.

Preface

Over the last several years, residents of the City of Toronto have been facing an increasingly severe housing affordability problem. In particular, the affordability problem is most acute for renters and first time home buyers. This affordability problem has often been depicted in rather simple terms i.e. increasing average prices for new or resale houses or increasing average rents paid for various forms of rental housing. Such figures for the Toronto area are often compared with similar figures for other urban centres and indeed by comparison, Toronto is an expensive place to secure adequate housing.

A more precise approach to examining the housing affordability problem has focused on the affordability problems faced by individual households - both owners and renters. This approach, by and large, focuses on identifying the burden that securing housing places on household income. In this regard, shelter cost to income ratios are used as the main measure of affordability. In other words, if housing costs consume more than a certain proportion of income, then a housing affordability problem is said to exist. In the Province of Ontario, housing costs which exceed 30 percent of household income is considered to be problematic.

In this report, shelter cost to income ratios are used to determine dimensions of the housing affordability problems faced by residents of the City of Toronto and secondly to develop a set of social housing targets which may be incorporated into the City's 1991 Official Plan. The latter is a requirement for the housing policy statements of the Plan. In general, the approach taken follows the guidelines set by the Province for conducting a housing needs assessment with the exception that different shelter cost to income levels are used to

determine levels of need for tenants as opposed to owners. Both the Provincial affordability criteria and our justification for using alternate methods than those proposed by the Province is provided in the body of the report. Secondly, in as much as the level of affordability problems faced by households is often equated with housing need, a critique is provided of this assumption and an alternate approach is suggested which may be more appropriate for tackling the question of housing need. This is especially important in that setting social housing targets based solely on affordability criteria may seriously underestimate the level of need faced by residents of the City of Toronto. In this respect, a major goal of this report is to demonstrate that the magnitude of the *existing* affordability problem is such that, simply setting housing targets based on expected levels of future need does not address a housing problem that has historically developed. That is to say, that the level of need which exists at any given time is not addressed in the context of focusing targets on the level of expected *additional* need that is likely to arise over a future time period. This report will show that, in setting housing targets for the City of Toronto based only on the level of additional housing need expected by 1999, the plight of a significant number of households already in need, is ignored. In addition, as the report will indicate, the affordability problem faced by City residents appears to be worsening and as such requires careful monitoring in order that housing targets can be sensitively adjusted to changing conditions i.e. targets may have to be adjusted in the short run just to maintain the existing level of the affordability problem and need faced by households in the City.

Sections 1 and 2 of this report provide a context for which the rationale for developing social housing targets in the City of Toronto in the first instance, may be set. They include a brief history of the City's role in the area of social housing and a description of the obligations for municipalities to prepare housing statements in the Province of Ontario.

Given Provincial requirements for municipalities to prepare housing statements as part of the development of their Official Plans, Section 3 of the report provides a critique of a number of housing statements prepared for other local area municipalities.

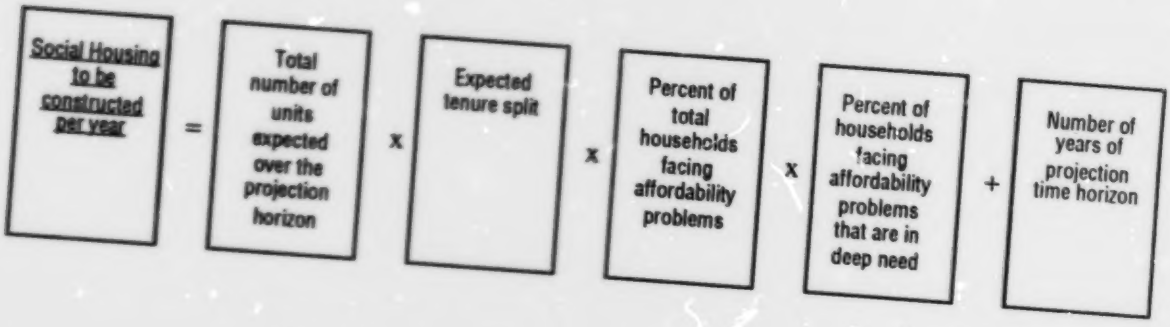
Sections 4 and 5 of the report look at the relationship between housing affordability and housing need. They focus primarily on defining the appropriate shelter cost to income levels that should be used to determine the magnitude of the affordability problem faced by owners versus renters as well as defining the appropriate income data to use as a basis against which affordability can be measured. This is followed in Section 6 by a description of the dimensions of the housing affordability problem in the City of Toronto.

Based on the previous sections, Section 7 sets out a model for the development of social housing targets and proceeds to develop the targets which may be used in the 1991 Official Plan of the City of Toronto. Based on the previous sections, Section 7 sets out a model for the development of social housing targets and proceeds to develop the targets which may be used in the 1991 Official Plan for the City of Toronto. The model is developed using affordability data as a base. In particular, criteria are established to identify households facing deep need using shelter cost to income data cross-tabulated against income deciles for households in the Toronto CMA as a whole. These data allow for the identification of households facing deep as opposed to shallow need. Specifically, the emphasis in developing social housing targets is on those households facing deep need in the rental sector: i.e. renters who spend 25 percent or more of income on housing who also have household incomes in the lowest 30 percent of the Toronto CMA income distribution. Households facing shallow need, on the other hand, are those spending more than 25 percent of household income on housing who have incomes between the 30th and 60th percentiles of the CMA income distribution.

Based on expected levels of future housing construction in the City and assumptions regarding future tenure split, and the future affordability profile of City of Toronto residents, the percentage of households facing deep need in 1986 is related mathematically to: 1) the total number of units expected over the projection horizon; 2) expected tenure split; and 3) the percentage of households facing affordability problems; to achieve an estimate of the number of expected additional households to be facing deep need by 1999. This number is then equated with the number of social housing units to be constructed (the time horizon being the 9 years to 1999) per year. The specific assumptions of the model are detailed in Section 7 and the model is graphically presented in Figure 2.

In Section 8 of the report, the limitations to the approach taken in assessing housing need and developing the social housing targets are outlined. Specifically, an inventory is provided as to the issues which must be addressed in a more complete assessment of housing need. Finally, Section 9 of the report provides a summary and conclusions to the report. Appendix 1 contains the data used to produce charts and figures appearing throughout the report. Appendix 2 summarizes the Province of Ontario's Policy Statement "Land Use Planning for Housing". Appendix 3 highlights the requirements of the Municipal Housing Statement program.

A Model for Estimating Social Housing Targets


Social Housing to be constructed per year
=
Total number of units expected over the projection horizon
x
Expected tenure split
x
Percent of total households facing affordability problems
x
Percent of households facing affordability problems that are in deep need
+
Number of years of projection time horizon

1. Introduction

In recognition of the affordability problems faced by City residents, City Council adopted the recommendations of the *Living Room Report* in 1973, the broad policy objective of which was oriented towards ensuring the "provision, to all residents [of the City] of decent housing in a suitable living environment at a price they can afford". In light of this stated objective, an institutional apparatus was established in an attempt to ensure that the broad policy objective would be met. First, *Living Room* recommended the establishment of a Housing Department to implement the City's housing policy. Secondly, it recommended the creation of Cityhome whose function would be to ensure that advantage, for local housing goals, could be taken of provincial and federal government assistance programs for the construction and management of non-profit housing.

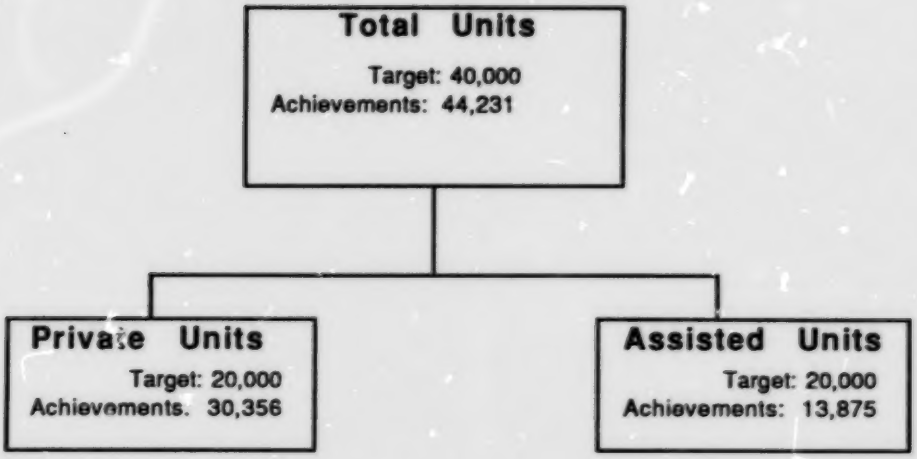
Both the Housing Department and Cityhome were established upon the adoption by City Council of the recommendations of the *Living Room* report. However, adhering to the original policy objective of ensuring decent housing at affordable price levels is what governs their operations to this day. Given the worsening housing situation in the City of Toronto this inevitably has meant getting into the business of providing non-profit housing. In particular, for City Council, this initially meant the establishment of a set of housing targets to be achieved over a given time period. These targets were set for both assisted housing as well as private market housing and were to be reviewed on a periodic basis upon an assessment of the changing housing needs of City residents.

In line with these requirements, initial housing targets were set and incorporated into the City's 1976 Official Plan. These targets were to be achieved over a ten year period. The original target for housing units was 40,000 to be achieved over the 1976 to 1986 period. Of these, 20,000 were targetted for some form of assisted housing.

Figure 1

City of Toronto

1976 - 1985 Housing Targets and Achievements as of Jan 1, 1986



Upon a review of achievements included in the 1986 Living Room II Report, it was determined that in fact, the target for private market units was surpassed but that only 69 percent of the assisted housing target had been met. Needless to say, because of the shortfall in new assisted housing units built over the 1976 to 1985 period, a new set of targets was required. In *Living Room II* the Housing Policy Review Committee shortened the time horizon over which new targets were to be achieved. This was done in the belief that projecting beyond a time period of five years was unrealistic and because an assessment of housing need would be conducted as part of the development of the City's new Official Plan which is due in 1991. For the period 1986 to 1991, the Housing Policy Review Committee recommended that a net total of 6,000 units be added to the existing housing stock. This figure of 6,000 units over the five year period to 1991 (1200 per year) is meant to take account of units lost through gentrification and de-intensification and as

such represents net additions to the affordable housing stock of the City of Toronto. Therefore this suggests that construction would have to be higher than the 1,200 units per year proposed to account for losses to the stock. In addition, the Housing Policy Review Committee suggested that these units be rent-geared-to-income, truly affordable to low and moderate income households, thereby almost implicitly suggesting that they all be social housing units simply because of the private market's inability to provide affordable housing in the City of Toronto. The goal implicit in the manner in which these targets were set was not to provide an overall solution to the affordability problem but rather to ensure that the problem simply did not worsen. In fact, 3,179 housing units were built by non-profit agencies from 1986 to 1989. However, these gains may have largely been offset by demolitions and deconversions (the actual magnitude of which is not known). Furthermore, not all of these new social units met the implicit assumption that they offer rents geared-to-income. There are some market rental units in most non-profit buildings.

2. Housing Targets and the 1991 Official Plan

As part of its preparation for the development of the 1991 Official Plan, the City of Toronto is required to develop a Proposals Report by the fall of 1990. The proposals report will consider a number of different items which are likely to affect the City's future. Central to the Proposals Report is a series of housing statements which include a set of social housing targets to be achieved over a ten year time horizon. In developing these targets consideration must be paid to some recent Provincial initiatives.

In an effort to account for the changing environment (demographic, social and economic) for housing in Ontario, in 1989 the Province of Ontario undertook a review of the Municipal Housing Statement Program. In July 1989, the Province approved the Policy Statement - *Land Use Planning for Housing* which encompassed a series of changes under which Municipal Housing Statements were to be initiated (Appendix 2). Because of these changes, the development of housing targets, to a greater extent than previously, must now be based on an assessment of present and future local housing need.

The *Municipal Housing Statement Program* requires, subject to strict guidelines, a series of studies related to the present and future requirements for housing at the local or regional level. In addition to a housing needs assessment, the Program requires:

1. Demographic analysis;
2. Housing supply analysis;
3. A review of local infrastructure;
4. The identification of residential intensification potential; and
5. An examination of the variety and mix of housing stock.

Usually the preparation of a Municipal Housing Statement for Metro Toronto, prepared by the Metro Toronto Planning Department, has addressed these specific requirements for the City as a part of Metro. At this point in time Metro has not subscribed to the Province for Municipal Housing Statement Program funding and since this is usually Metro's responsibility, neither has the City of Toronto. The emphasis in this report, as determined by the City of Toronto Planning and Development Department, is on the development of assisted housing targets through an assessment of housing need defined narrowly by affordability constraints. However, because other local municipalities have subscribed and followed Provincial guidelines in preparing their statements, it is worth noting how the approaches adopted are different from the approach taken in this report. The following section briefly examines the municipal housing statements prepared by selected local municipalities.

3. Related Local Area Housing Studies

3.1 Municipal Housing Statements Prepared by Toronto Area Municipalities

In general, the housing statements prepared by Toronto Area municipalities have, to a greater or lesser extent, followed the requirements of the Municipal Housing Statement (MHS) Guidelines (See Appendix 3). In line with the MHS guidelines, the focus of these statements is on identifying and describing the salient features of the supply of, and demand for, housing of various types in their respective municipalities.

On the supply side this has meant examining trends in housing starts and completions, an examination of the existing stock by type and tenure, to a limited extent the condition of the existing stock, and the cost of both rental and ownership housing. By and large this represents a static view of housing supply conditions using the most recent data available. This is the case for statements prepared for Mississauga, York and Etobicoke. To the extent that future supply conditions are anticipated, this is achieved by examining the level of development proposals and then imposing a time frame over which proposals will result in new housing construction. Future supply conditions are related neither to expected future levels of demand nor to anticipated levels of housing need. In addition, the possibilities for housing intensification are treated as a potential means of increasing housing supply which are independent of other sources of supply and also of expected demand.

Housing demand is also viewed within a rather static framework. The emphasis in the statements is on describing basic population characteristics such as: rates of natural increase, net migration, ethnicity, family structure, age structure, and so on. Population forecasts are generally provided and these, based on key variables such as household size,

are translated into future housing demand. Some attempts are made when projecting demand to determine appropriate targets for social housing, but in line with the manner in which the Provincial guidelines for the MHS program are set out, only cursory connections are made between future expected levels of demand and the current and expected levels of housing need.

In many respects, the tendency of local municipal housing statements to neglect these important connections between supply, demand and need stem precisely from the fact that housing need is not clearly defined in the provincial guidelines for preparing the statements. As will be shown, even though the housing affordability criteria adopted by the Province are a useful starting point for the eventual setting of housing targets they only go part of the way to describing the dimensions of housing need among households in a particular municipality. There are numerous other factors which require consideration.

3.2 Other Reports on the State of Local Housing

Over the last six years a number of other reports have been prepared by various agencies which attempt to focus more precisely on setting appropriate levels of housing targets. In 1984, the Social Planning Council of Metropolitan Toronto prepared *A New Housing Agenda for Metropolitan Toronto*. In this report the Social Planning Council suggested that by 1999, 95,000 tenant households in Metro would need some form of housing assistance. This figure was based on the number of tenant households who would be spending more that 30 percent of income on housing. In 1990, the figures in the Social Planning Council's report were subsequently taken up by a coalition of local housing action groups concerned with the housing implications of a successful bid for the 1996 Olympics. In their report entitled, *Ending the Housing Crisis*, the coalition suggested that Toronto City Council adopt 75,000 units as a measure of unmet demand across Metro. This figure was based on the fact that 20,000 non-profit units had been built Metro-wide between 1984

and 1987. Recognising that not all of the 75,000 units could be built in the City, they recommended that the City adopt a target of 30,750 units. Furthermore, while the Social Planning Council recommended that these estimates of unmet demand be met by the year 2000, the housing coalition recommended that, given the possibility of winning the bid for the 1996 Olympics, the City adopt this target to be achieved by 1996 and that all units be affordable. As will be shown below, even these ambitious targets may seriously underestimate the housing needs of City residents.

The *Housing Intensification Policy Report No. 2* of the *Metropolitan Toronto Plan Review* is the only other report to develop explicit housing targets for the City of Toronto. The City housing targets are, however, set for the 1989-2011 period and are placed at 100,000 units. These targets derive from an explicit policy decision on the part of Metro, to try and alter the expected trajectory of population growth in Metro and to try and intensify the residential structure in order to make for a more efficient use of infrastructure and to contribute to a reduction in urban sprawl. The targets also accept the provincial guideline that municipalities include policies in their official plans which provide for a minimum of 25 percent affordable housing. In accepting this guideline, the Metro report suggests that over the next twenty years, the City's objective should be to provide development opportunities for only the minimum 25 percent or 25,000 affordable housing units. Given the dimensions of the affordability problems faced by City residents in 1986, such a target considerably underestimates the level of housing need in the City even if Provincial affordability criteria are accepted.

Generally, the approaches taken by local municipalities in preparing their municipal housing statements and the housing targets developed for the City of Toronto in reports prepared by non-government agencies are incomplete in that they ignore the real dimensions of housing need. As a result, they *underestimate* the extent to which social

housing needs to be provided in the City. The requirements of a comprehensive assessment of housing need are provided in Section 8 of this report.

4. Housing Affordability and Housing Need

The measurement of housing need is a complicated task. It is complicated by a number of key considerations that go beyond a simple measurement of the affordability problem. Nevertheless, accurately outlining the dimensions of the housing affordability problem can shed considerable light on the question of housing need and aid in the development of a set of social housing targets. However, as will be shown in Section 8 of this report, housing need is an extremely complex concept and a full assessment of housing need must include the evaluation of a range of interacting variables.

Typically, the housing affordability problem is measured on the basis of housing costs exceeding some level of household income which is essentially a tipping point after which hardship is experienced. The Province of Ontario has adopted 30 percent of income as the tipping point following the lead of the Federal Government. In other words, according to this method, any household spending more than 30 percent of gross household income on housing is considered to have an affordability problem. Housing costs are defined by the Province as gross rent or mortgage principle payments and interest amortised over 25 years and taxes assuming a 25 percent downpayment. The figures used to measure the affordability problem are therefore simple shelter cost to income ratios i.e. the proportion of gross household income spent on housing.

Using shelter cost to income ratios as a device for measuring housing affordability has some obvious intuitive appeal because at a minimum it provides a picture of the magnitude of the affordability problem. However, while the Province of Ontario's 30 percent criterion is useful in some respects, it denies the importance of a number of confounding variables which are extremely important in the affordability equation, namely variations in income and tenure. The latter is particularly important for two reasons:

1. The wealth accumulation implications of home ownership; and,

2. Whether tenant households experience difficulty at shelter cost to income levels below 30 percent of gross household income.

In relation to income distributions, the affordability problem also becomes quite confusing. For example, some households may choose to spend more than 30 percent of income on housing as they perhaps value it more than they do other commodities. This is likely to be true particularly of owners who at any rate will at some point in the future be paying less than 30 percent of income on housing because their incomes are likely to rise. This is irrespective of the potential capital gains associated with owning and is true especially of those in higher income groups who have the choice of moving to more affordable ownership housing.

Theoretically, the same arguments can be applied to those renting, i.e. those tenant households facing affordability problems also have the choice of moving to less expensive accommodation. However, while this may apply in a general sense, in tight rental housing markets with persistently low vacancy rates the choice to move to less expensive housing may be a luxury the majority of households may have little or no access to. In fact, in the City of Toronto almost full occupancy has prevailed in the rental market since the early 1970s. In other words, in the City of Toronto, most tenant households facing affordability problems have not had the choice of reducing the shelter cost burden on their incomes by moving to less expensive accommodation, over the last 15 to 20 years. Table 1 shows the vacancy rate situation that has prevailed in the City of Toronto since the early 1970s.

Table 1

Vacancy Rates in Apartment Structures of Six Units and Over
Publicly and Privately Initiated
Toronto CMA

Percent

Year	April	October
1970	2.5	2.4
1975	0.9	0.9
1980	1.1	0.6
1985	0.6	0.4
1990	0.6	n.a

Source: *Canada Mortgage and Housing Corporation, Rental Market Report*
Note:*Figures for 1975 onwards are for April and October*

Coupled with very low levels of additional supply to the rental housing stock and the loss of affordable rental units through gentrification and de-intensification, low vacancy rates have meant a worsening of the situation for tenant households in the City of Toronto. This alone suggests that when assessing need and setting future housing targets the rental sector should be treated differently from the ownership sector.

5. Shelter Cost to Income: Owners versus Renters

A working assumption of this report is that housing affordability problems come into play at different levels of income spent on housing for owners than they do for tenant households. As discussed above, the *Land Use Planning for Housing Policy Statement* defines affordable as annual housing costs which do not exceed 30 percent of gross annual income. The Province further defines 'affordable housing' as housing that would have a market price or rent which would be affordable to low and moderate income households. In turn, low and moderate income households are defined as those whose incomes are in the lowest 60 percent of the income distribution in the 'Housing Region'. In the case of the City of Toronto, the housing region is defined as the Toronto Census Metropolitan Area (CMA). Based on these criteria, those households facing affordability problems at any given point in time would be the households spending more than 30 percent of gross income on housing who also have incomes in the lowest 60 percent of the CMA income distribution. According to the Provincial guidelines, this applies equally to both owner and tenant households.

For owners, the ability to accumulate equity, to shelter imputed net rental income from taxation and the potential to realise capital gains means that the 30 percent limit is probably appropriate. However, using the 30 percent limit for tenant households may seriously underestimate the degree to which tenants face housing affordability problems. For example, in 1988, the Housing Advisory Committee of the Ministry of Housing concluded that tenants who spend 30 percent of income on rent experience difficulty. In addition, the Social Assistance Review Committee (SARC) report suggested that a maximum 25 percent of income spent on housing is the most appropriate level to use in assessing the affordability problems faced by tenant households. This report accepts the view that the 30 percent limit is too high and uses the 25 percent level for tenant households. This is a more

expansive definition which falls more in line with traditional views of the affordability problem and which takes into account the difficulties faced by tenants in accumulating downpayments for home purchases which is in turn a primary goal of Provincial housing policy.

In an analysis of housing affordability based on shelter cost to income ratios a question arises as to the most appropriate income data to use as a benchmark against which housing costs are to be measured. The question is really one of choosing the appropriate geographical scale. The Province, in line with its conception of the 'housing region' suggests that in the case of the City of Toronto, affordability be measured against regional income data (i.e. using the household income distribution for the Toronto CMA as defined by the 1986 Census). As mentioned above however, a number of local municipalities have used local rather than CMA income data as a basis for describing the affordability problem in their jurisdictions. Were the City to adopt this approach, the affordability problem would be considerably underestimated. The reason for this is that household incomes in the CMA are significantly higher than those in the City. The 60th percentile of the City of Toronto's household income distribution is much lower than the 60th percentile of the CMA distribution ($43,048 compared with $52,603 in 1985 dollars). Therefore, a large number of City households which fall below the 60th percentile of the income distribution at the CMA level would be excluded if the number were calculated using the distribution of household income specific to the City of Toronto. This consideration is particularly important in the context of tight housing markets where choice is severely restricted and the geographic search for choice is widened. Furthermore, it is widely recognised that, at any rate, housing markets rarely correspond to local municipal boundaries. Therefore, with an interest to meet the Provincial guidelines as well as to recognise the market economy for housing, CMA level income data are used in this report. Table 2 compares the household incomes for the City and the CMA as a whole at the 30th and 60th percentiles.

Table 2
Household Income

Toronto CMA and City of Toronto
1990

	Income($) 30th Percentile	Income($) 60th Percentile
Toronto CMA	29,404	52,603
City of Toronto	21,533	43,048

Source: *Census of Canada, 1986.*
Note: *Data for 1990 are estimated based on 1985 incomes.*

While using CMA level income data means that more City households facing affordability problems are captured, there is some theoretical justification for this. Conventional models of urban structure, for example, suggest that within the broader urban environment lower income households can be expected to occupy higher value land towards the centre of the city - higher rents being traded off against increased accessibility. Given lower average incomes in the City of Toronto then, it is reasonable to expect a higher degree of difficulty with respect to the burden of securing housing on the basis of incomes being received by City residents as opposed to residents across the CMA as a whole. Using CMA level income data captures this residual, other things being equal.

The overall effect of using CMA level income data is to produce an estimate of housing need which is biased slightly in favour of those with higher incomes and owner occupiers in particular. Using CMA level income data will capture more of those City households facing affordability problems who have incomes approaching the upper 40 percent of the

income distribution who are also more likely to be owners. However, by using the 25 percent shelter cost to income limit for tenant households and by separating out those in the lowest 30 percent of the income distribution from those earning between 30 and 60 percent, the problem is to some extent remedied. In other words, among the base group facing shelter cost affordability problems, a degree of need (or of subsidy reqirement) can be identified as can the difference between owners and tenants. As such, policy directions can be assumed for each level of need uniquely. This is consistent with the view held by both CMHC and the City that there are indeed levels of housing need that can be differentiated. For the balance of this report those households earning below the 30th percentile shall be referred to as being in *deep need* of shelter cost assistance and those earning between the 30th and 60th percentile of regional household incomes shall be referenced as being in *shallow need* of shelter cost assistance.

6. Establishing the Dimensions of the Affordability Problem

This section of the report examines the dimensions of the affordability problem in the Toronto Census Metropolitan Area, the City of Toronto and the City's Central Area. It begins with a brief description of tenure split and household incomes and moves towards a description of the affordabilty problem as it stood in 1985 (based on the 1986 Census). The focus is on data provided in a special Statistics Canada cross-tabulation of households by tenure and shelter cost to income ratios by CMA household income quintiles.

6.1 Tenure Split

Table 3 shows that roughly 58 percent of households in the CMA were owners in 1981 compared with 42 percent tenant households. The figures for 1986 indicate that owner occupancy has gone up slightly while tenancy has declined as a percentage of all households. In the City, the tenure picture is reversed. Not only did tenants dominate the housing market in the City in 1981, but the proportion of tenants increased marginally over the 1981 to 1986 period - from 59 percent in 1981 to 60 percent in 1986. The tenure situation in the Central Area remained stable between 1981 and 1986 although tenant households constituted fully 84 percent of all households.

Table 3

Tenure Split

Toronto CMA, City of Toronto, and Central Area

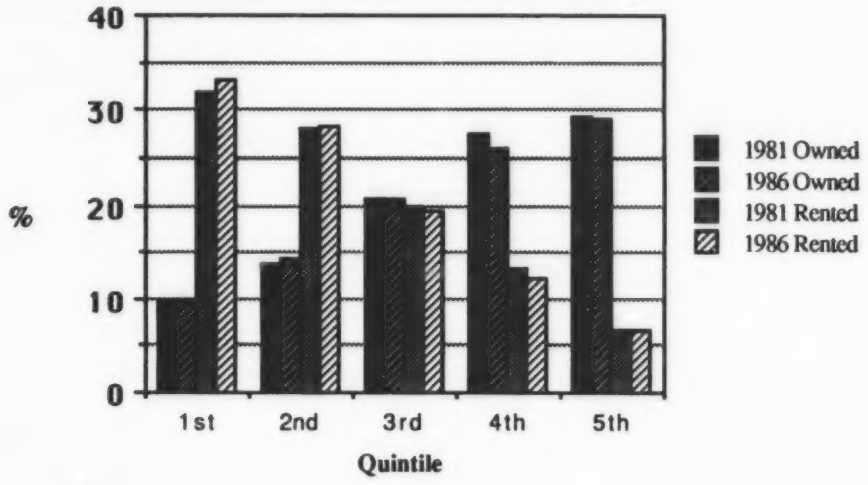
	1981 %	1986 %
Toronto CMA-Owned	58.29	59.35
Toronto CMA-Rented	41.71	40.65
City of Toronto-Owned	40.96	39.77
City of Toronto-Rented	59.04	60.23
Central Area-Owned	15.78	16.36
Central Area-Rented	84.22	83.64

Source:*Statistics Canada*

The following graphs(6.1.1, 6.1.2, 6.1.3) examine housing tenure by income quintiles which are defined at the CMA level. The graphs reveal exactly what should be expected of the relationship between housing tenure and income. First, home ownership is highest among the higher income groups, in particular among households whose incomes are in the upper 40 percent of the income distribution. Secondly, the rental market is dominated by lower income households. In particular, the largest percentage of tenant households is in the lowest 20 percent of the CMA income distribution, this proportion actually increasing between 1981 and 1986. Of special importance is the fact that, of the tenant households in the lowest 20 percent of the income distribution, a significant proportion are likely to receive at least part of their incomes from non-employment sources. This group clearly forms the base of those in 'deep need'.

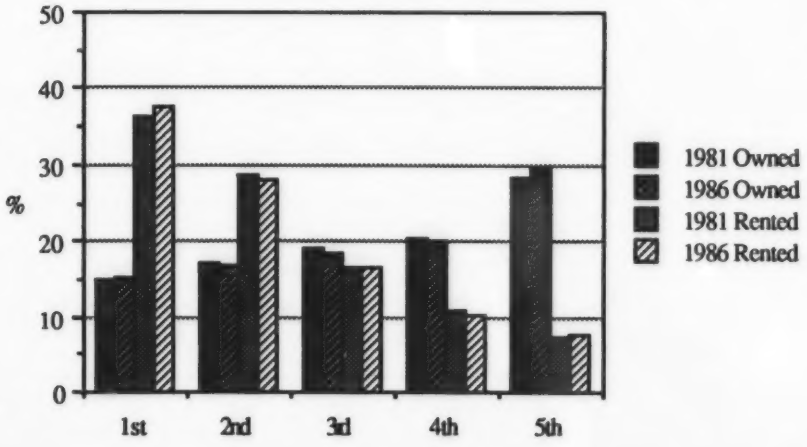
Graph 6.1.1

Distribution of Households by Income Quintiles Toronto CMA



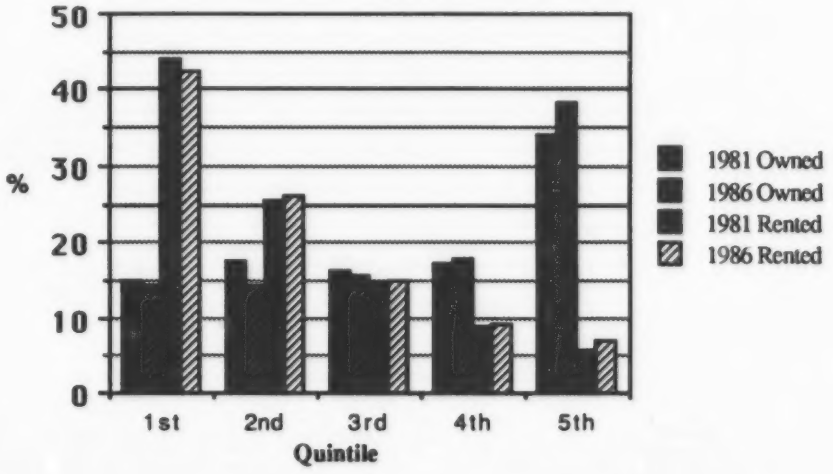
Graph 6.1.2

Distribution of Households by Income Quintiles City of Toronto



Graph 6.1.3

Distribution of Households by Income Quintiles CentralArea



Source: *Statistics Canada*

6.2 Shelter Cost to Income Ratios

Shelter cost to income ratios measure the amount of income spent on housing relative to gross household income. As Table 4 indicates, at the CMA level, roughly 84 percent in 1981 and 86 percent in 1986 of owner occupiers spent less than 30 percent of income on housing. However, compared to the CMA as a whole, relatively fewer owner occupiers in the City and Central Area spent less than 30 percent of income on housing. At each geographical level in fact, the largest proportion of owner occupiers spent less than 15 percent of income on housing in 1986. In addition, the pattern of change indicated by the data suggests that in aggregate, relatively fewer households in the ownership market experienced affordability problems in 1986 than in 1981.

In the rental market (using the 25 percent shelter cost to income criterion) the data indicate that affordability is a much more serious problem for tenant households than it is for

Table 4

Shelter Cost to Income Ratios 1981-86 (%)
Toronto CMA, City of Toronto and Central Area

	<15%		15-24%		25-29%		30-39%		40-49%		>50%	
	1981	1986	1981	1986	1981	1986	1981	1986	1981	1986	1981	1986
Rental												
Toronto CMA	22.8	21.7	38.4	35.0	10.6	12.6	10.4	11.4	5.1	5.8	17.7	13.5
City	21.9	20.2	36.4	33.3	10.7	12.7	10.7	11.5	5.6	6.4	14.8	16.0
Central Area	18.0	16.9	38.0	32.9	10.9	14.7	11.4	11.7	5.6	6.5	16.4	17.2
Ownership												
Toronto CMA	48.1	50.6	27.1	27.7	8.5	7.9	7.8	6.8	3.0	2.5	5.4	4.4
City	51.1	52.7	22.6	23.7	7.0	6.7	8.0	7.4	3.9	3.2	7.3	6.4
Central Area	51.4	53.7	18.7	21.7	6.9	6.0	8.0	6.6	4.6	3.2	9.5	8.6

Source: *Derived from Statistics Canada data.*

owners. At all geographical levels, relatively fewer tenant households spent less than 25 percent of income on housing. Furthermore, the largest proportion of tenant households spending less than 25 percent appear to be spending on the margin of the 25 percent affordability limit adopted for tenant households (15-24 percent). By corollary, a significant proportion spent more than 25 percent of income on housing - in 1986, 42 percent in the CMA as a whole, and 47 percent and 50 percent in the City and Central Area respectively. Clearly, the affordability problem is particularly acute for City tenant

households, especially when viewed against the fact that, of all tenant households, roughly 16 percent spent more than one half of household income on housing in 1986 in the City of Toronto. Of particular concern is the fact that the proportion of tenant households facing affordability problems increased between 1981 and 1986 - a trend which may indeed have continued and which complicates our assessment of housing need.

Generally, the data indicate that a significant proportion (47 percent in 1986) of tenant households in the City face affordability problems of varying degrees. Furthermore, the trend between 1981 and 1986 suggests that in fact, in both relative and absolute terms, the situation for tenant households in the City is worsening. This trend, in fact, becomes more apparent upon an examination of the pattern of change in the ratio of tenant to household incomes in the Toronto CMA. Using data from the Statistics Canada survey of Household Income, Facilities and Expenditures (HIFE), a bifurcation in the distribution of income with tenants experiencing progressively worse conditions in relation to owners is clearly evident (Table 5).

Table 5

Ratio of Tenant to Owner Household Incomes

Toronto CMA

1971	.68
1981	.62
1988	.56

Source: *Household Incomes, Facilities and Expenditures Survey, Statistics Canada, Special Tabulations*

6.3 Affordability and Income

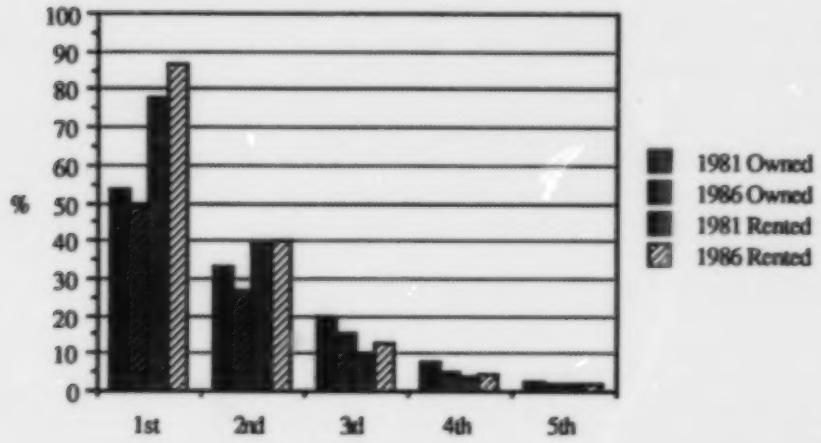
Some further insights into the dimensions of the affordability problem can be attained by examining the extent to which households in various income categories experience affordability problems. Again using the 30 percent shelter cost to income limit for owners and the 25 percent limit for tenant households, the following graphs describe the housing affordability problem as it relates to the distribution of household incomes in two ways.

First, the percentage of households in each income quintile facing affordability problems of the total number of households at each level of income is calculated. This identifies the extent to which households in each income quintile experience affordability problems. Secondly, the percentage of households in each income quintile facing affordability problems of the total number of households facing affordability problems is calculated. This reflects of the income distribution of those facing affordability problems.

Graphs 6.3.1, 6.3.2, and 6.3.3 below examine the extent to which households in each income quintile experience affordability problems. The graphs reveal, that at each geographical scale, a majority of households, whether owners or tenants, with income in the lowest 20 percent of the Toronto CMA income distribution experience affordability problems. For tenant households the problem is particularly acute. Fully 86 percent of all tenant households in the City with income in the lowest 20 percent of the income distribution faced affordability problems in 1986. The corresponding figures for the Central Area and CMA were 83 percent and 87 percent respectively. In addition, the situation for renters worsened considerably in as much as a greater proportion of all tenant households with incomes up to the 60th percentile of the income distribution experienced affordability problems in 1986 than in 1981. On the other hand, the situation for owners improved somewhat over the 1981-86 period. Relatively fewer owner occupiers in each income quintile experienced affordability problems in 1986 than in 1981.

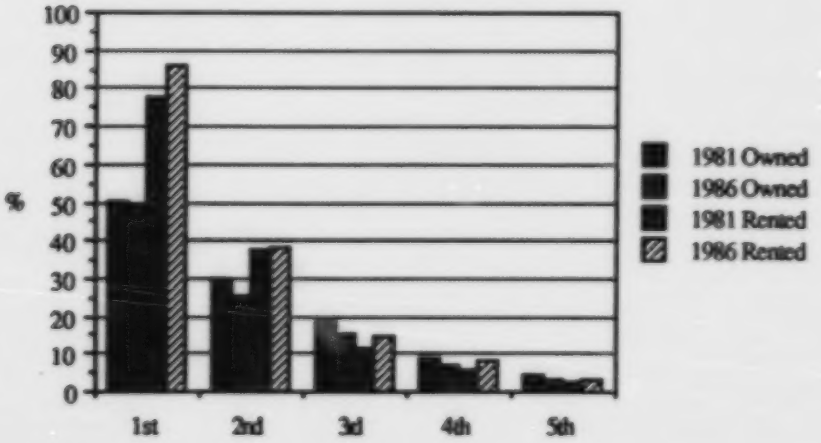
Graph 6.3.1

Percent of Households in Each Income Quintile Facing Affordability Problems: Toronto CMA



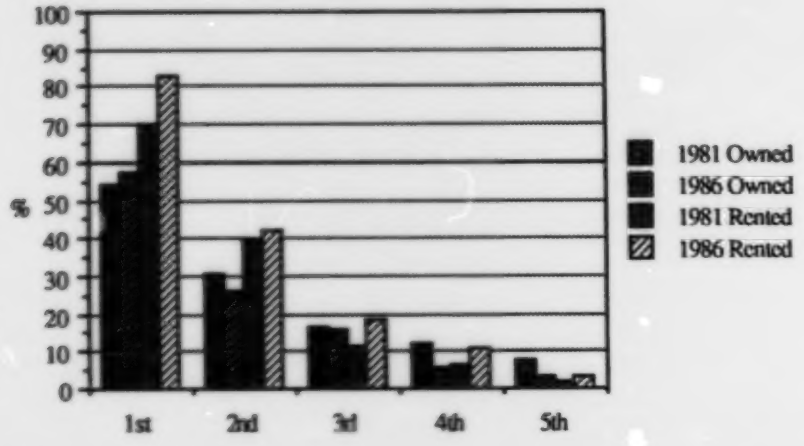
Graph 6.3.2

Percent of Households in Each Income Quintile Facing Affordability Problems: City of Toronto



Graph 6.3.3

Percent of Households in Each Income Quintile Facing Affordability Problems: Central Area



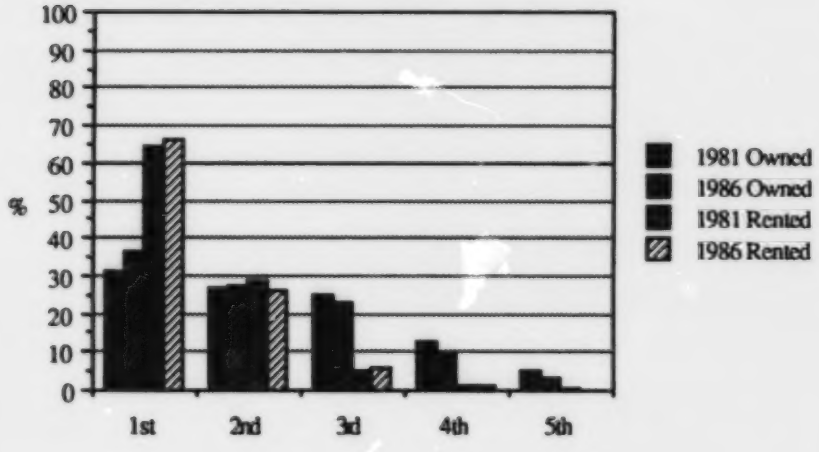
Source: *Statistics Canada*

The graphs (6.3.4, 6.3.5, 6.3.6) below provide an indication of the distribution by income quintile of all households facing affordability problems. The graphs show that for both owners and tenants those households which faced affordability problems in 1986 were concentrated in income quintiles up to the 60th percentile. In fact, only 14 percent of owners and 2 percent of the tenant households facing affordability problems in the City earned in the upper 40 percent of the income distribution in 1986. Particularly notable, however, is that among tenant households facing housing affordability problems, fully 66 percent in the CMA, 69 percent in the City and 70 percent in the Central Area earned in the lowest 20 percent of the income distribution. In addition, in both the City and CMA, the concentration of tenant households facing affordability problems that earned in the lowest 20 percent of the CMA income distribution increased between 1981 and 1986. Both sets of graphs indicate that, to the extent that the magnitude of those facing housing affordability

problems increased in the Toronto CMA between 1981 and 1986, it was felt most particularly by low income tenant households.

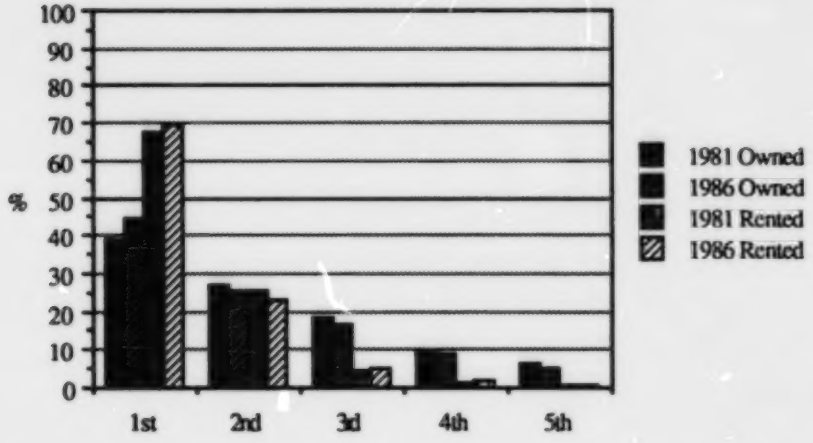
Graph 6.3.4

Income Distribution of Households Facing Affordability Problems:Toronto CMA



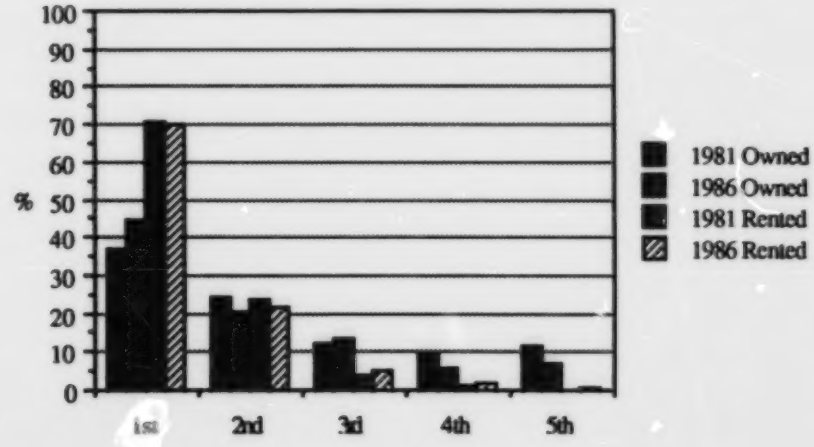
Graph 6.3.5

Income Distribution of Households Facing Affordability Problems: City of Toronto



Graph 6.3.6

Income Distribution of Households Facing Affordability Problems: Central Area



6.4 The Need for Shelter Cost Assistance

Thus far it has been assumed that *all* households, irrespective of the level of household income, can face affordability problems. However, the *Provincial Land Use Planning for Housing Policy Statement* states that only those households earning in the lowest 60 percent of the income distribution can be considered to be among those facing affordability problems even if the upper shelter cost to income level is exceeded. Applying this guideline to the affordability criterion adopted establishes a base number of households from which those in need can be derived. In other words, shelter cost need is measured as the number of households in the lowest 60 percent of the CMA income distribution who for owners, pay 30 per cent or more and who, for tenants, pay 25 percent or more of gross income on housing.

The Tables (6 and 7) below show the degree to which households facing affordability problems fall within the lowest 60 percent of the CMA income distribution. As the Tables indicate, fully 87 percent of owners in the Toronto CMA facing affordability problems earned in the lowest 60 percent of the CMA income distribution in 1986. The corresponding figures for the City and Central Area were 86 and 78 percent respectively. For tenant households, on the other hand, in 1986, 78 percent of households facing affordability problems in the CMA as a whole, 98 per cent in the City and 97 percent in the Central Area earned in the lowest 60 percent of the income distribution.

Table 6

Owner-Occupied Households Spending 30 Percent or More of Income on Housing in the Lowest 60 Percent of the CMA Income Distribution

	1981		1986	
	%	#	%	#
Toronto CMA	82.6	91,525	86.7	91,950
City of Toronto	83.9	15,790	86.4	14,525
Central Area	72.7	1,3[illegible]	78.2	1,430

Source: *Statistics Canada*.

Table 7

Renter Households Spending 25 Percent or More of Income on Housing in the Lowest 60 Percent of the CMA Income Distribution

	1981		1986	
	%	#	%	#
Toronto CMA	98.4	185,320	98.4	223,835
City of Toronto	98.0	57,700	97.6	68,620
Central Area	98.0	19,175	97.3	18,435

Source: *Statistics Canada*.

In absolute terms, 91,950 owner households were in the base need group in the CMA, with 14,525 in the City and 1,430 in the Central Area, facing similar problems. Among tenant households 223,835 in the CMA, 68,620 in the City and 18,435 in the Central Area were in the base need group in 1986.

6.5 Deep versus Shallow Need

A number of different definitions for distinguishing between groups of households facing deep need versus shallow need have been offered (see for example Canada Mortgage and Housing Corporation). This report uses the *level of income* to distinguish between these groups. Having established the base need figures for both owners and tenants, those households earning in the lowest 30 percent of the CMA income distribution are considered to have deep need and those earning between 30 and 60 percent of the income distribution are faced with shallow need. Table 8 below outlines the dimensions of these groups in both relative and absolute terms. For the purposes of setting social housing targets, the focus should be on tenant households in deep need. This is consistent with the perspective emerging within the Planning and Development Department which suggests that because owners are able to build equity and because affordability problems are related predominantly to tenant households, social housing ought to focus on the needs of tenants.

As Table 8 indicates, in 1986, of the total number of tenant households spending 25 percent or more of income on housing who were also in the lowest 60 percent of the CMA income distribution, fully 87.5 percent consisted of households whose incomes were in fact in the lowest 30 per cent of the income distribution in 1986. These 60,035 households represent the tenant households facing deep need in 1986. The remainder (8,565 households) were those facing shallow need. On the other hand, 9,785 owner occupiers faced deep need in 1986 compared with 4,755 facing shallow need. In relation to our view that assessments of housing need previously conducted by other agencies may

underestimate the level of need, figures for Metropolitan Toronto are provided for comparative purposes. Whereas, for example, the Social Planning Council suggested that 95,000 housing units were required Metro-wide by 1999, the approach taken here suggests that, in 1986, the group consisting of those tenants in base need comprised 154,645 households. Of these, 87.7 percent (137,670 households) were in the deep need category.

Table 8

Deep versus Shallow Need

Households Facing Need in the Lowest 30 Percent and Between the 30th and 60th Percentiles of the Toronto CMA Income Distribution

(Percent, Number)

	Lowest 30 %		30-60 Percentiles		Total	
Owned						
Toronto CMA	57.3	(52,360)	42.7	(39,235)	100	(91,865)
Metro Toronto	63.9	(32,230)	36.1	(18,215)	100	(50,455)
City of Toronto	67.2	(9,785)	32.2	(4,755)	100	(14,570)
Central Area	67.2	(880)	32.8	(430)	100	(1,310)
Rental						
Toronto CMA	85.7	(191,836)	14.3	(32,005)	100	(223,835)
Metro Toronto	87.7	(135,670)	12.3	(18,875)	100	(154,645)
City of Toronto	87.5	(60,035)	12.5	(8,565)	100	(68,600)
Central Area	87.6	(21,655)	12.4	(3,070)	100	(24,725)

Source: *Statistics Canada*.

7. Housing Targets

Setting social housing targets is an essential part of developing statements to be incorporated into the 1991 Official Plan of the City of Toronto. The following section develops these targets on the basis of the analysis of the dimensions of the housing affordability problem conducted above. In particular, the development of social housing targets focusses on those households which in the future are likely to experience *deep* need. Furthermore, the emphasis is on tenant households whose housing needs appear to be the most serious and towards which social housing policy is particularly directed.

7.1 Methodology

Future housing need is assumed to be a function of a number of key variables, these being:

1. Future tenure split;
2. Total number of future housing units available;
3. Percent of households facing affordability problems;
4 Percent of households facing problems of deep need; and
5. Time horizons over which projections are made.

For the purposes of setting targets, this can be expressed as a relatively straightforward arithmetic model (Figure 2).

In the context of producing annual social housing targets for the City of Toronto, several assumptions are required which are based on the constraints of the affordability data described above. The assumptions are:

1. 47,000 housing units could be built in the City by 1999. In an effort to evaluate the housing targets set by Metro in their *Housing Intensification Report No. 2*, City staff investigated the characteristics of housing projects currently in the development

pipeline. From this investigation, they were able to determine the level of housing construction that might reasonably be expected in the City to 1999. The City investigation revealed that 47,000 units could possibly be built by 1999. This figure of 47,000 forms the basis of the targets developed below and means that the time horizon over which they are to be achieved is 9 years.

2. The tenure split in the City throughout the 1990s remains what it was in 1986 - Owners 40.9 percent and Renters 59.1 percent;

3. The share of households facing affordability problems remains consistent throughout the 1990s at 1986 levels, that is among tenant households 45.5 percent will face affordability problems in 1999 and among owner occupiers 14.6 percent will face affordability problems;

4. Of households facing affordability problems in 1999, 87.5 percent of tenants and 67.2 percent of owners will face deep need. These figures are derived from Table 5 of Appendix 1;

5. The annual marginal increment to the number of households facing deep need is constant throughout the 1990s.

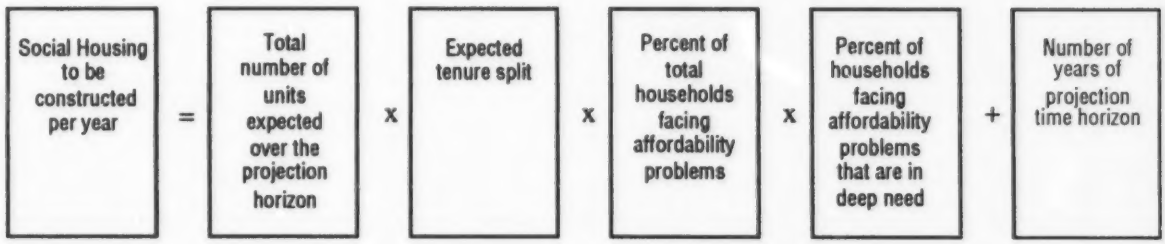
Based on this methodology, the *additional* number of tenant households facing deep need in 1999 will total 11,049. If this total is equated with the 9 year requirements for social housing in the City, then 1,228 new units are required to be constructed each year between 1990 and 1999 simply to provide for *additional* deep need households. Further, if those tenants facing shallow need are included then social housing targets would total 1,403 units per year. Were these figures to be adopted as official social housing targets they should be viewed as *minimum* targets to be achieved. This is so for several reasons:

1. In 1986 some 60,035 households faced deep need in the City. The needs of these households are not addressed in the social housing targets developed above. With 3,179 units developed by social housing agencies over the past four years, some 57,000 tenant households faced affordability problems at the end of 1989;

2. According to federal government projections, the Canadian economy is showing signs of a decline in national output which resembles the period preceeding the recession of 1981-82. Should a recession ensue, it is possible that an increasing proportion of both owners and tenants will face housing affordability problems particularly as income growth may be out stripped by inflation including housing costs (See *Toronto Star* , July 7, 1990);

Figure 2

A Model for Estimating Social Housing Targets


Social Housing to be constructed per year
=
Total number of units expected over the projection horizon
x
Expected tenure split
x
Percent of total households facing affordability problems
x
Percent of households facing affordability problems that are in deep need
+
Number of years of projection time horizon

3. Evidence over the 1981 to 1986 period indicates that the proportion of renters facing affordability problems increased. Were this trend to continue, social housing targets based on affordability criteria would have to be adjusted *upwards*;

4. If the economy booms throughout the 1990s, there may be added pressure to de-intensify the existing rental stock. This displaces tenants and generally makes the remaining rental housing less affordable.

By way of example, if just the proportion of renters facing affordability problems were to increase to 47.5 percent the targets for those facing deep need would be 1,282 units per year and if it was to increase to 50.0 percent the targets would be 1,349 units per year to 1999.

7.2 Conclusions

Of particular importance with respect to the methodology used in setting the social housing targets developed above is that the targets, if actually achieved, will only maintain the status quo in terms of the level of housing need in the City of Toronto. They address only the *additional* level of housing need that might be expected by 1999. In other words, the unmet demands of some 60,000 City households already facing housing need will persist given the basis on which the targets were developed. The problems associated with providing these households with affordable housing are axiomatic but must, nevertheless, be considered.

8. Housing Need

Thus far, the analysis has focussed on the development of a set of social housing targets based on the dimensions of the affordability problems faced by residents of the City of Toronto. Certain characteristics of the affordability situation have been used to describe various levels of housing need faced in particular by tenants. These have then been translated into a set of social housing targets to be achieved by the end of 1999. It must be remembered, however, that using the affordability criteria outlined above to set social housing targets goes only part of the way towards a true assessment of housing need. Only the economic situation of households as it relates to income and shelter costs is considered when using affordability data as it is in this report. There are, however, a considerable number of other variables which must be dealt with if a housing needs assessment is to be complete. The following section deals with some of the other aspects essential to a broader assessment of housing need but which could not be covered within the scope of this report.

8.1 Conceptualising Housing Need

In addition to the economic basis for defining housing need (i.e. through affordability data), it is possible to conceive of a number of other important variables which enter into the 'housing needs equation'. In general these variables can be categorised into three main groups which reflect the broad basis from which housing need can be assessed. They are:

1. The need for new housing construction;
2. The need for housing of a specialised nature; and
3. The need for improving existing dwellings.

Each of these are elaborated on below.

8.1.1 The Need for New Housing Construction

The need for additions to the supply of housing in local areas is by and large a function of local population dynamics - including: the age structure of the population, rates of household formation, the rates of net in-migration, and so on. These are best estimated at a regional scale. From a social housing perspective future additions to the social housing stock can be determined by applying certain affordability criteria to expected future housing supply and demand. This is the manner in which the social housing targets were set above. However, even within the group of households which are not deemed to face any form of housing need according to the narrow affordability criteria, need can arise from two additional sources:

1. The overcrowding of households; and
2. Concealed households.

The manner in which overcrowded households enter into the need equation is straightforward. Basically, overcrowding occurs when there is a mismatch between the size mix of homes and the size distribution of households. Overcrowding then is thought to occur when a certain threshold of the number of persons per room is breached. Canada Mortgage and Housing Corporation sets this threshold at 1 person per room. To the extent that overcrowding occurs in the City of Toronto, these households may be considered to have housing need independent of whether or not they face affordability problems however defined. Data relating to persons per room and thus overcrowding are available at 5 year intervals from the Canadian Census.

Another group of households which might be considered to have need are what might be called *concealed households*. Concealed households are households currently living as

part of another household but who would live independently if accommodation were available. For the most part these comprise adult children, with or without their own children, still living with their parents. However a more general set of characteristics may be used to identify such households, these being:

1. *Concealed Households* - any single person or couple with or without children currently living as part of a household of which they are neither head nor the partner of the head. This would include grown up children still living in the parental home.

2. *Potential Households* - Those concealed households where the people concerned would prefer to live in their own separate accommodation rather than to continue living with their 'host' households.

3. *True Potential Households* - Potential households as above but taking account of the households they would form in their own accommodation. Two single persons for example may form one couple hence one potential household.

Each of these groups may be considered to have housing need but would not necessarily be captured by a needs assessment focussing on the question of affordability as defined above. Unfortunately, data of this nature are not readily available from published sources. Attaining accurate measures of the level of concealed households would inevitably mean household surveying. However, it may be possible to examine the concealed household phenomenon by focussing on the mismatch between actual household formation and headship rates predicted on the basis of demographic conditions.

8.1.2 Housing Needs for Special Groups

Housing needs for special groups may be divided into two main categories:

1. Those groups who need dwellings equipped with special features;

2. Groups which require special forms of housing provision but not necessarily specially equipped dwellings.

Through a variety of mechanisms, the City has expressed concerns about the housing needs situation faced by various special groups. However, any measures of housing need for specialised groups are likely to be more explicitly qualitative (than are say measures of concealed households) relying on an underlying conception of what constitutes suitable housing for a variety of social groups. These groups include the elderly, the mentally ill, and the mentally and physically disabled among others, all who have had considerable attention paid to their housing needs. On the other hand, however, the potential housing needs of other special groups have received less attention. It is in fact possible that there is a considerable mismatch between the number of these persons requiring special housing and the number of units actually available. Those groups in addition to those listed above include *among others*:

* Persons suffering from alcohol or drug abuse;
* Ex-offenders;
* People suffering the adverse effects of prolonged homelessness or institutional life;
* HIV/Aids sufferers.

To the extent that any or all of these groups are faced with a mismatch between their needs and the availability of suitable housing, need can be said to exist. Again, data on both the special physical housing needs of many of these groups and an overall measure of the absolute number in need are not readily available. However, in an overall housing needs assessment the needs of these groups must be considered. It is likely that attaining data on these groups would involve considerable and highly intensive surveys and interviewing.

8.1.3 The Homeless

The homeless form a special needs group in as much as they represent the most obvious group facing need. Unfortunately, simple nightly hostel registrations offer only a partial picture of homelessness. In many respects, hostel registrations include largely the single and mainly childless homeless, an important group in themselves, but they exclude to a large extent families who may be in temporary accommodation or who have no accommodation at all. To the extent that there are families facing such problems, their needs must be assessed.

8.1.4 Dwellings in Need of Improvement

In many housing markets the state of repair of the housing stock places many households in a state of housing need. In the City of Toronto, the quality of the housing stock means that this is likely to be less of a problem than it is in other jurisdictions. However, the decennial Census of Canada does provide indicators as to the quality of the housing stock. Basically, the Census separates housing units on the basis of whether major or minor repairs are required. These data could therefore be used to assess a degree of housing need which may be independent of the affordability approach favoured by the Province of Ontario.

8.1.5 Other Measures of Housing Need

Given the broader definition of housing used in this section it is possible to consider a number of other factors and groups which are critical to address in an assessment of housing need. These are:

1. Households where a high proportion of income is consumed by very high journey-to-work costs or other costs. This is particularly important in as much as the Province of Ontario affordability

criteria makes assumptions about household expenditure patterns which do not consider the importance of the cost of daycare and other necessary non-housing items.

2. The special housing needs of women particularly with respect to safety.

3. Access to urban amenities and services, for example health care, education and open space.

4. Special requirements of new in-migrants to the City who may require access to housing in certain social milieus.

Each of these considerations are also essential to an assessment of housing need in the City of Toronto.

8.2. Conclusions Regarding Needs Assessment

In relation to setting social housing targets, the figures generated through the affordability approach must be seen as a relatively crude estimate of the minimum numbers of units of social housing required to meet housing needs. The limitations of the affordability approach must be recognised.

In the first instance, the affordability approach is prone to underestimating the magnitude of social housing required in so far as a number of important variables which would form part of a comprehensive housing needs assessment are not included in the target estimation process. Hence, it is unlikely that targets based on affordability data and those based on a broader assessment of housing need would coincide, and more to the point, using affordability is likely to underestimate the extent of total housing need. *Therefore, the targets set in this report should be viewed as minimums to be achieved over the 1990-1999 period.*

Secondly, there is a great deal of difference among the groups of individuals facing housing affordability problems and/or other problems in obtaining adequate and suitable

housing (Section 7). In view of this difference, it is important to develop an approach to meeting housing needs which is both comprehensive in coverage and sensitive to the range of needs confronting special groups. *In effect, meeting housing needs requires not only providing sufficient numbers of social housing units but equally, housing of the right type to meet the particular needs of various groups.*

Thirdly, the affordability approach offers no way of setting priorities for either the immediate need faced by various groups (for example the homeless versus single parents) or the manner in which the social housing targets derived via the affordability approach would be delivered. Clearly, conducting a complete housing needs assessment is the only manner in which a system of priorities for providing for the needs of these various groups can be developed. In addition, since the sites available to accommodate those in need are scattered across the region, a more comprehensive needs assessment should be conducted at the regional scale.

9. Conclusions

Based on an analysis of the affordability problems faced by City of Toronto residents, a minimum of 1,228 new social housing units are required to be produced each year between 1990 and 1999 simply to maintain the status quo in terms of the overall housing affordability picture. This figure is based on the following assumptions:

1) According to the City's evaluation of the *Metropolitan Toronto Housing Intensification Report* which examined proposed housing developments in the pipeline, 47,000 units could possibly be built in the City by 1999.

2) Tenure split remains constant throughout the 1990's i.e. 40.9 percent of households own their dwellings and 57.1 percent rent.

3) The share of households facing affordability problems remains constant at 1986 levels throughout the 1990's i.e. 45.5 percent of new tenant households will have affordability problems and 14.6 percent of owners will have affordability problems.

4) Among tenant households facing affordability problems, 87.5 percent will have incomes in the lowest 30 percent of the CMA income distribution - hence will face deep need.

The target as developed, represents the estimated annual increment to the number of tenant households facing deep need as determined by the affordability criteria used. Were tenants facing shallow need taken into consideration, then annual targets should be set at 1,403 units.

The targets developed should be viewed as **minimums** to be achieved over the 1990 to 1999 period. This is so for two main reasons. First, and most importantly, the targets do not take into consideration tenant households *already* facing deep need and shallow need in 1990. In fact, in 1986, roughly 60,000 tenant households in the City were faced with deep need and only the *additional* tenant households expected to face deep need are considered in the development of the housing targets presented in this report. As such the targets do

not address the needs of these 60,000 households. Secondly, evidence over the 1981 to 1986 period indicates that the proportion of tenant households facing affordability problems actually increased. If this trend continues then the targets will require an appropriate upward adjustment. Data which will be made available out of the 1991 Census of Canada should be examined upon release to determine whether in fact this upward trend has continued and whether adjustments to the targets are required.

In addition, the assessment of housing need based on affordability criteria is likely to overlook the housing needs of special groups including concealed households, the homeless, people with disabilities and so on (See Section 8). The overall effect of this oversight is to underestimate the real dimensions of housing need. Furthermore, given the housing needs of these special groups, a priority system for the delivery of social housing is clearly required. Unfortunately, an assessment of housing need based on affordability criteria does not lend itself easily to the development of such a system of priorities. Finally, the restriction of choice in a tight housing market which is best probably defined regionally, suggests that when considering elements of housing need a regional perspective is the most appropriate. A broader analysis of housing need in all its various dimensions is clearly needed.

Appendices

Appendix 1
Census Data Tables

Table 1

Percent of Households Facing Affordability Problems By Income Quintiles 1981-86
(percent)

		CMA		City		Central Area	
		1981	1986	1981	1986	1981	1986
Owned [1]							
1st	Quintile	53.3	49.6	50.5	50.0	54.0	57.1
2nd	Quintile	33.1	26.7	30.0	25.2	30.4	26.0
3rd	Quintile	19.7	15.4	18.3	15.1	16.3	15.8
4th	Quintile	7.5	5.2	9.1	7.3	12.4	5.6
5th	Quintile	2.7	1.6	4.3	2.9	7.4	3.5
Rental [2]							
1st	Quintile	78.0	86.8	77.5	86.0	70.2	82.5
2nd	Quintile	39.7	40.0	37.3	38.1	39.2	42.1
3rd	Quintile	10.4	12.8	11.5	14.8	11.8	18.2
4th	Quintile	3.8	4.5	5.8	8.2	6.4	10.8
5th	Quintile	1.9	2.0	2.9	3.5	1.7	3.2

Notes:

1. Percentage of owned households spending more than 30 percent of income on shelter.
2. Percentage of rental households spending more than 25 percent of income on shelter.

Source: *Statistics Canada*

Table 2

Income Distribution Of Households Facing Affordability Problems 1981-86

(percent)

		CMA		City		Central Area	
		1981	1986	1981	1986	1981	1986
Owned							
1st	Quintile	31.2	36.1	39.0	44.9	36.8	44.5
2nd	Quintile	26.5	27.7	26.6	25.2	24.1	20.2
3rd	Quintile	24.9	22.9	18.2	16.3	11.9	13.4
4th	Quintile	12.6	9.9	9.7	8.7	9.7	5.5
5th	Quintile	4.8	3.4	6.4	5.0	11.4	7.1
Rental							
1st	Quintile	64.2	66.3	67.7	69.5	70.5	70.0
2nd	Quintile	28.8	26.3	25.8	23.0	23.6	22.0
3rd	Quintile	5.4	5.8	4.6	5.2	3.9	5.4
4th	Quintile	1.3	1.3	1.5	1.8	1.3	2.0
5th	Quintile	0.0	0.3	0.5	0.6	0.2	0.5

Source: *Statistics Canada*

Table 3

Owner Occupied Households in the City of Toronto
By Shelter Cost to Income Ratios and Average Household Income
1981

	Shelter Cost to Income Ratio						
Household Income	**15%**	**15-24%**	**25-29%**	**30-39%**	**40-49%**	**>50%**	**Total**
<$12,000	1,670	4,050	1,475	1,945	1,200	4,180	14,540
$12,000-$24,999	7,290	3,370	1,050	1,880	1,235	1,900	16,730
$25,000-$28,999	9,800	3,775	1,760	2,080	785	565	18,765
$29,000-$40,500	11,455	5,255	1,540	1,160	340	325	20,090
>$40,501	19,820	5,675	1,030	775	235	190	27,725

Source:*Statistics Canada*

Table 4

Tenant Households in the City of Toronto
By Shelter Cost to Income Ratios and Average Household Income
1981

	Shelter Cost to Income Ratio						
Household Income	**15%**	**15-24%**	**25-29%**	**30-39%**	**40-49%**	**>50%**	**Total**
<$12,000	1,750	9,805	5,275	9,045	6,065	19,415	51,385
$12,000-$24,999	3,735	21,735	7,825	4,835	1,450	1,065	40,650
$25,000-$28,999	8,110	12,685	1,395	890	175	235	23,490
$29,000-$40,500	9,275	5,225	450	230	95	115	15,385
>$40,501	8,040	1,835	140	80	20	50	10,160

Source:*Statistics Canada*

Table 5

Owner Occupied Households in the City of Toronto
By Shelter Cost to Income Ratios and Average Household Income
1986

Household Income Quintile	Shelter Cost to Income Ratio 15%	15-24%	25-29%	30-39%	40-49%	>50%	Total
1st Quintile	1,580	4,475	1,505	2,025	1,140	4,385	15,115
2nd Quintile	8,005	3,555	1,030	1,845	1,025	1,360	16,810
3rd Quintile	10,160	3,600	1,735	1,870	525	350	18,235
4th Quintile	11,895	5,275	1,355	1,020	295	140	19,975
5th Quintile	20,810	6,695	1,050	595	155	95	29,400

Source:*Statistics Canada*

Table 6

Tenant Households in the City of Toronto
By Shelter Cost to Income Ratios and Average Household Income
1986

Household Income Quintile	Shelter Cost to Income Ratio 15%	15-24%	25-29%	30-39%	40-49%	>50%	Total
1st Quintile	1,695	6,240	9,010	9,835	7,435	22,525	56,740
2nd Quintile	3,695	22,515	7,100	5,855	1,900	1,275	42,340
3rd Quintile	8,510	12,725	2,035	1,270	215	165	15,455
4th Quintile	8,440	5,745	755	320	95	90	15,445
5th Quintile	8,100	2,825	270	110	0	15	11,325

Source:*Statistics Canada*

Appendix 2

Land Use Planning for Housing - Policy Statement

Objectives:

A. To foster municipal land use planning practices which are responsive to housing needs throughout the Province.

B. To contribute, along with other Provincial initiatives, to the overall goal of providing a sufficient supply of a range of housing types which are accessible, affordable, adequate and appropriate to the needs of the full range of households in Ontario.

Principles

A. Each planning jurisdiction has a responsibility to contribute to fulfilling the objectives of [the] Policy Statement.

B. A sufficient supply of land for housing purposes should be planned for in order to help make land available for development at a more reasonable cost.

C. The planning approvals process should be streamlined to help reduce the cost of housing by allowing the market to respond effectively to housing demands and to reduce the land carrying costs associated with housing construction.

D. Land use regulations should allow for a full range of housing types and sizes in order to provide the opportunity for more households to be appropriately and affordably housed.

E. New residential units should be planned for in established communities in order to produce housing efficiently and cost-effectively by maximizing existing resources both in building stock and community and physical services.

Appendix 3

Municipal Housing Statement Guidelines

... A Municipal Housing Statement defines the role of the municipality in the provision and maintenance of housing. The Statement can be utilized to undertake the background studies for amendments to official plans and zoning by-laws necessary to fulfill the requirements of the Provincial Policy Statement...

The Municipal Housing Statement Program is designed to achieve the following objectives:

- Δ To enable municipalities to set housing policies which can be used in the preparation or amendment of official plans thus fulfilling the requirements of the Provincial Policy Statement.
- Δ To enable municipalities to take an active role in the planning and development of housing.
- Δ To encourage an emphasis on the growing need for renewal of existing properties.
- Δ To consolidate municipal intent with respect to the various federal and provincial housing programs.
- Δ To encourage municipalities to monitor their housing markets and update their housing policies.

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